



ZELPY 1903 (PTY) LTD

(Registration number 2003/008577/07)

Trading as Letsema

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

ZELPY 1903 (PTY) LTD
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2007

Company registration number	2003/008577/07
Country of incorporation	South Africa
Nature of business	1. Manufacturing of Spirulina 2. Delivering of hunting services 3. Selling of lucern
Directors	Mr AN Luruli Mr JAP du Toit Ms T Mocke
Registered office	Remainder of Vogelenzang 3 - MT District Musina 0900
Business address	Remainder of Vogelenzang 3 - MT District Musina 0900
Bankers	ABSA Bank
Auditors	Auditor General
Secretary	Admin clerk

ZELPY 1903 (PTY) LTD
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2007

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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The following supplementary schedules do not form part of the financial statements, and are unaudited.

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Approval

The financial statements which appear on pages 3 to 18 were approved by the board of directors and signed herewith :

Mr AN Luruli

Date

Mr JAP du Toit

Date

Ms T Mocke

Date

REPORT OF THE AUDITOR GENERAL

ZELPY 1903 (PTY) LTD
REPORT OF THE DIRECTORS
for the year ended 30 June 2007

The directors present their report for the year ended 30 June 2007. This report forms part of the audited financial statements.

1. Principal activities of the company

Manufacturing of Spirulina, delivering of hunting services and selling of lucern.

2. Incorporation

The company was incorporated on 11 April 2003 and obtained its certificate to commence business on 11 April 2003.

3. Business and operations

The company's business and operations and the results thereof are clearly reflected in the attached financial statements. No material fact of circumstance has occurred between the accounting date and the date of this report.

The company carries on the business of manufacturing of Spirulina, delivering of hunting services and selling of lucern.

There was no major changes in the nature of the business.

4. Statement of responsibility

The directors are responsible for the maintenance of adequate accounting records and the presentation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with generally accepted accounting practice and in the manner required by the Companies Act, 1973.

The managing director are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

ZELPY 1903 (PTY) LTD
REPORT OF THE DIRECTORS (continued)
for the year ended 30 June 2007

5. Financial results

The results of the company and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

The financial position of the company, which is set out in the balance sheet, shows that borrowings are within limits regarded as being acceptable for the company.

The company's loss on ordinary activities amounted to R1 466 085.33 (2006 : R 1 568 739), after deducting taxation of R 0 (2006 : R 0).

6. Dividends

No dividends were declared or recommended during the year.

7. Share capital

There were no changes in the authorised and issued share capital of the company during the accounting period under review.

ZELPY 1903 (PTY) LTD
REPORT OF THE DIRECTORS (continued)
for the year ended 30 June 2006

8. Property, plant and equipment

There have been no major changes in the property, plant and equipment during the period or any changes in the policy relating to their use.

9. Events subsequent to the year end

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report.

10. Number of employees

The average number of employees during the year was 2 (2006: 2).

11. Directors

The directors of the company during the accounting period and up to the date of this report were as follows:

Mr AN Luruli
Mr JAP du Toit
Ms T Mocke

12. Secretary

The secretary of the company is the admin clerk, whose business and postal addresses are:

Remainder of Vogelenzang 3 - MT
District Musina
0900

PO Box 961
Musina
0900

13. Auditors

The Auditor General will continue in office in accordance with section 270(2) of the Companies Act.

ZELPY 1903 (PTY) LTD
BALANCE SHEET
as at 30 June 2007

	Notes	2007 R	2006 R
Assets			
Non-current assets		563 553	1 530 123
Property, plant and equipment	3	563 553	1 530 023
Loan receivable	4	-	100
Current assets		791 841	682 006
Inventories	5	582 040	608 707
Cash and cash equivalents	19.2	107 917	52 809
Accounts receivable		66 050	-
Vat		35 834	20 489
Total assets		<u>1 355 394</u>	<u>2 212 128</u>
Equity and liabilities			
Capital and reserves		(1 364 830)	917 479
Issued capital	6	100	100
Distributable reserve	7	(1 364 930)	917 379
Current liabilities		2 720 224	1 294 648
Trade and other payables	8	2 384 913	959 337
Taxation	18	335 312	335 312
Total equity and liabilities		<u>1 355 394</u>	<u>2 212 128</u>

ZELPY 1903 (PTY) LTD
INCOME STATEMENT
for the year ended 30 June 2007

	Notes	2007 R	2006 R
Gross revenue	9	226 004	221 673
Cost of sales		26 667	(146 847)
Gross profit		<u>199 336</u>	<u>368 520</u>
Other income		-	-
Operating costs		1 605 629	1 937 368
Operating (loss)		<u>(1 406 293)</u>	<u>(1 568 848)</u>
Investment income	16	208	112
Finance costs	17	-	3
(Loss) before taxation		<u>(1 406 085)</u>	<u>(1 568 739)</u>
Taxation	18	-	-
(Loss) after taxation		<u><u>(1 406 085)</u></u>	<u><u>(1 568 739)</u></u>

ZELPY 1903 (PTY) LTD
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2007

	Share Capital	Distributable	Totals
	R	reserve	R
	R	R	R
Balance at 01 July 2006	100	917 379	917 479
Net loss for the year	-	(1 406 085)	(1 406 085)
Appropriation account	-	(876 224)	(876 224)
Issue of share capital	-	-	-
Balance at 30 June 2007	100	(1 364 930)	(1 364 830)

ZELPY 1903 (PTY) LTD
CASH FLOW STATEMENT
for the year ended 30 June 2007

	Notes	2007 R	2006 R
Cash flows from operating activities		61 203	(516 239)
Cash utilised in operating activities	19.1	60 995	(516 348)
Interest received	16	208	112
Interest paid	17	-	(3)
Taxation paid	18	-	-
Cash flow from investing activities		870 029	(14 967)
<i>Expenditure to maintain operating capacity</i>			
Property, plant and equipment acquired		870 029	(14 967)
Cash flows from financing activities		(876 124)	221 341
(Decrease) / Increase in net assets		(876 224)	221 341
Loans repaid		100	-
Increase / (Decrease) in cash and cash equivalents		55 108	(309 864)
Cash and cash equivalents at beginning of the year	19.2	52 809	362 672
Cash and cash equivalents at end of the year	19.2	107 917	52 809

ZELPY 1903 (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

1. Basis of preparation

The financial statements are prepared in accordance with statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate.

Unless otherwise specifically stated, this basis is consistent with that of the previous year.

1.1 Revenue recognition

Revenue from the manufacturing of Spirulina, delivering of hunting services and selling of lucern is recognised when the significant risks and rewards of ownership are transferred to the buyer.

1.2 Property, plant and equipment

All property, plant and equipment are initially recorded at cost and any impairment in value.

Land and buildings are subsequently shown at market value, based on 3 yearly valuations by external independent valuers, less subsequent depreciation for property, plant and equipment, which is stated at historical cost less depreciation.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

- Land and buildings	0%
- Office equipment	10%
- Furniture and fittings	10%
- Plant and equipment	25%
- Motor vehicles	20%
- Computer equipment	33.33%

Land is not depreciated as it is deemed to have an indefinite life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

1.3 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a first in, first out basis.

1.4 Taxation

No deferred tax liability is recognised in those circumstances where the initial recognition of an asset or liability has no impact on accounting profit or taxable income.

1.5 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.6 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

1.7 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables and trade creditors. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2. Changes in accounting policy

There were no changes in the accounting policy during the year under review.

ZELPY 1903 (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2007

3. Property, plant and equipment

	2007 Cost / valuation	2007 Cost price adjustments / Additions	2007 Disposals / Written off	2007 Accumulated depreciation	2007 Carrying value
<i>Owned assets</i>					
Land and buildings	334 150	-	-	-	334 150
Plant and equipment	2 010 621	148 915	-	2 025 463	134 073
Motor vehicles	593	-	-	356	237
Furniture and fittings	37 556	5 491	-	14 070	28 977
Office equipment	129 798	4 915	-	68 597	66 117
	2 512 718	159 321	-	2 108 485	563 553

	2006 Cost / valuation	2006 Cost price adjustments / Additions	2006 Disposals / Written off	2006 Accumulated depreciation	2006 Carrying value
<i>Owned assets</i>					
Land and buildings	333 022	4 900	3 772	-	334 150
Plant and equipment	1 931 808	83 715	2 634	952 705	1 060 184
Motor vehicles	86 093	-	68 400	17 337	356
Furniture and fittings	37 556	-	-	7 427	30 129
Office equipment	128 639	1 159	-	24 594	105 204
	2 517 118	89 773	74 806	1 002 063	1 530 023

The carrying amounts of property, plant and equipment can be reconciled as follows:

	2007 Carrying value at beginning of year	2007 Cost price adjustments / Additions	2007 Disposals / Written off	2007 Depreciation	2007 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	334 150	-	-	-	334 150
Plant and equipment	63 703	148 915	-	78 545	134 073
Motor vehicles	356	-	-	119	237
Furniture and fittings	27 790	5 491	-	4 305	28 977
Office equipment	74 673	4 915	-	13 471	66 117
	500 672	159 321	-	96 440	563 553

	2006 Carrying value at beginning of year	2006 Cost price adjustments / Additions	2006 Disposals / Written off	2006 Depreciation	2006 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	333 022	4 900	3 772	-	334 150
Plant and equipment	1 480 803	83 715	2 634	501 699	1 060 185
Motor vehicles	68 874	-	68 400	119	355
Furniture and fittings	33 884	-	-	3 755	30 129
Office equipment	116 909	1 159	-	12 864	105 204
	2 033 493	89 773	74 806	518 437	1 530 023

ZELPY 1903 (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2007

4. Loan receivable

Unsecured loan - Musina Local Municipality	-	100
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100 Ordinary shares held by Musina Local Municipality in Zelpy 1903 (Pty) Ltd trading as Letsema.
This loan is unsecured and not subject to any fixed terms of repayment.

5. Inventories

The amounts attributable to the different categories are as follows:

Spirulina powder - 1155 kg @ R70.00 p/kg	80 850	87 602
Lucern - 0 bales @ R35.00 p/bale	0	98 175

Lucern used for departmental use	Bales	1 930	3 421
Value of lucern used for departmental use - game feed at the farm Singelele	Rand	67 550	119 735

Game - Singelele Game Farm	463 680	422 930
2 Eland male @ R7 500.00	15 000	30 000
5 Eland female @ R4 000.00	20 000	16 000
33 Kudu male @ R3 000.00	99 000	66 000
67 Kudu female @ R2 000.00	134 000	120 000
34 Impala male @ R650.00	22 100	22 750
96 Impala female @ R480.00	46 080	43 680
2 Blouwildebeest male @ R3 000.00	6 000	3 000
9 Bushbuck male @ R3 500.00	31 500	31 500
53 Warthog @ R800.00	42 400	42 400
42 Duiker @ R800.00	33 600	33 600
14 Steenbuck @ R1000.00	14 000	14 000

Spirulina tablets - 682 Bottles @ R55.00 p/bottle	37 510	-
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528 bottles of Spirulina given out for marketing purposes.
59 bottles of Spirulina replaced at pharmacies.

Dates - 349 bottles @ R60.00 p/bottle (see note 21 - There is no more production of Dates and stock at hand is only for marketing purposes)	-	-
	582 040	608 707

6. Issued capital

Authorised - 100 Ordinary shares of R1 each	100	100
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7. Distributable reserve

Balance 01 July 2006	917 379	2 264 777
Net loss for the year	(1 406 085)	(1 568 739)
Appropriation account	(876 224)	221 341
Balance 30 June 2007	(1 364 930)	917 379

8. Trade and other payables

Trade creditors	82 864	88 697
Musina Local Municipality	2 290 043	857 889
Provision for leave sold	12 006	12 750
	2 384 913	959 337

9. Gross revenue

Gross revenue comprises turnover, which excludes value-added tax and represents the invoiced value of goods and services supplied.

Major classes of revenue comprise:		
Sale of Spirulina powder	17 411	23 150
Sale of Spirulina tablets	13 200	-
Sale of Lucern	89 700	12 320
Sundry Income	11 649	12 317
Hunting Income	94 043	173 885
Total revenue comprises:	226 004	221 673

ZELPY 1903 (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2007

10. Government grants

A Government grant has been received in 2004/2005 for setting up research activities in an enterprise zone within South Africa, to alleviate unemployment in that area. There are no unfulfilled conditions or contingencies attaching to these grants.

11. Operating loss

Operating loss is stated after:

Expenditure

Auditors' remuneration
- Audit fee
- Other services
Depreciation
- Property, Plant and equipment

	110 537	183 752
	110 537	171 000
	-	12 752
	96 440	518 437

12. Directors' emoluments

The company did not pay any director's emoluments during the year (2006 : Nil)

13. Loss with damage of asset

Cost price
Less : Accumulated depreciation
Book value

-	3 772
-	-
-	3 772

14. Loss with theft of computer

Cost price
Less : Accumulated depreciation
Book value

-	4 902
-	2 267
-	2 634

15. Loss with asset written off

Cost price
Less : Accumulated depreciation
Book value

-	85 500
-	17 100
-	68 400

16. Investment income

Interest income
- Interest received ABSA cheque account

208	112
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17. Finance costs

Interest paid - creditors

-	3
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18. Taxation

Nett (loss) as per income statement

(1 406 085) (1 568 739)

Taxable income
Taxation @ 30% thereon

(1 406 085)	(1 568 739)
-	-

Provision for taxation for the 2005 year

335 313	335 313
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19. Notes to the cash flow statement

19.1 Cash utilised in operating activities

Net (loss) before taxation
Adjustments for:
Depreciation and amortisation
Investment income
Finance costs
Movements in working capital
Decrease / (Increase) in inventories
(Increase) / Decrease in accounts receivable
Increase in accounts payable

(1 406 085)	(1 568 739)
96 440	518 437
(208)	(112)
-	3
(1 309 853)	(1 050 411)
1 370 848	534 064
26 667	(125 787)
(81 394)	76 570
1 425 576	583 281
60 995	(516 348)

19.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:
Cash and cash equivalents

107 917	52 809
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ZELPY 1903 (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2007

20. Fruitless and wasteful expenditure

SAB & T

-

26 638

21. Date liquer for marketing purposes

As on 30 June 2006 there were 349 bottles of date liquer at R60.00 per bottle (R20 940.00) left for marketing purposes.

22. Land Cruiser sold

A 1975 Toyota Land Cruiser was written off in the 2005/2006 financial year, on the 2005/2006 financial statements it was noted that, if the Land Cruiser will be sold, the amount received will be disclosed in the 2006/2007 financial statements.

The Land Cruiser was sold on an auction for R13 000.00 (R11 403.51 excl vat). The proceeds are included under sundry income in note 9.

ZELPY 1903 (PTY) LTD
DETAILED INCOME STATEMENT
for the year ended 30 June 2007

	2007	2006
	R	R
Gross revenue	226 004	221 673
Sales	226 004	221 673
Cost of sales	26 667	(146 847)
Opening stock	608 707	482 920
Stock adjustment	-	(21 060.00)
Purchases	-	-
Closing stock	582 040	608 707
Gross profit	199 336	368 520
Other income	208	112
Interest received	208	112
Total income	199 544	368 632
Expenditures (Refer to page 17)	1 605 629	1 937 371
(Loss) before taxation	(1 406 085)	(1 568 739)

ZELPY 1903 (PTY) LTD
DETAILED INCOME STATEMENT
for the year ended 30 June 2007

		2007	2006
		R	R
Expenditures		1 605 629	1 937 371
Advertising - Spirulina		18 613	1 952
Auditors' remuneration		110 537	109 207
Bank charges		6 059	6 969
Chemicals - Spirulina		25 359	248 120
Computer expenses - Spirulina		9 779	4 608
Conference and convention costs		25 692	-
Consulting fees - Spirulina		6 247	30 261
Courier and postage - Spirulina		865	3 723
Courier and postage - Lucern		-	55
Delegation costs - Spirulina		-	591
Depreciation	3	96 440	518 437
Directors' emoluments	12	-	-
Electricity and water		40 772	49 873
Hire of equipment - Lucern		-	247
Hire of equipment - Spirulina		90 452	100 726
Insurance		73 514	62 156
Interest		-	3
Leave sold - Spirulina		-	8 504
Loss with damage of asset	13	-	3 772
Loss with theft of computer	14	-	2 634
Loss with asset written off	15	-	68 400
License fees - Spirulina		-	1 116
Marketing expenses		625 416	5 628
Packaging - Spirulina		37 660	-
Petrol and oil		15 019	12 947
Printing and stationery		1 220	79 383
Levies		361	2 207
Repairs and maintenance - Lucern		661	9 228
Repairs and maintenance - Singelele		2 585	79 725
Repairs and maintenance - Spirulina		6 895	32 364
Salaries and wages		272 234	371 656
Security - Spirulina		88 980	58 377
Telephone and fax		28 673	25 595
Travel and subsistence - Spirulina		12 922	38 907
Workmans Compensation		8 674	-

ZELPY 1903 (PTY) LTD
Tax registration number
TAX COMPUTATION
30/06/2007

Nett (loss) as per income statement	(1 406 085)	(1 568 739)
Calculated taxable income	<u>(1 406 085)</u>	<u>(1 568 739)</u>
Taxation thereon @ 30c in the Rand	<u>-</u>	<u>-</u>